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SUBJECT: MSZP INSIDER'S OUTLOOK: LABOR MINISTER KISS ON
REFORM, THE COALITION, AND THE OPPOSITION

Classified By: POL/C ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

¶1. (C) Summary: Minister of Labor and Social Welfare (and MSZP Party Vice-President) Peter Kiss told Ambassador Foley November 27 that the government is "sentenced to success" on reform and will work in consultation with civic organizations and political opponents. Frequently mentioned as a successor should PM Gyurcsany move on (or be removed), Kiss downplayed talk of friction within the MSZP, predicting Gyurcsany's election as party president in February and underscoring that economic success is the only foundation for the party's political future. With regard to the opposition, he maintained that FIDESZ president Viktor Orban would rather be responsible for failure than let anyone else be responsible for success. End Summary.

NO TURNING BACK ON REFORM

¶2. (C) Beginning discussion with the government's convergence plan, Kiss framed the issue in the regional context, noting the array of political and economic issues confronting neighboring states. The Gyurcsany government is now faced with a challenge to the public's welfare and to the political order, and is committed to "solving both." The goal remains Hungary's transformation into a "Western country," and "vengeful tactics" were to be expected in response to this challenge to "entrenched privilege." He expressed continued confidence in the convergence plan and emphasized the government's commitment to outreach to civic organizations and political opponents. He believes engagement with social groups - and allocation of EU funds - will help defuse opposition.

¶3. (C) Responding to Ambassador Foley's question regarding the potential increase in public dissatisfaction as the economic impact of austerity measures hits home, Kiss underscored the necessity of fundamental reform. "A leftist government should not want to take these steps," he noted, "but a responsible government must ... and the opposition certainly won't." "We have been through worse," he commented in a reference to the austerity measures of the mid-90's, and the government would not "put money in a sack with a hole in it" by disbursing EU funds without undertaking structural reforms.

¶4. (C) Turning to the political scene, Kiss assured the Ambassador that the MSZP would stand firm behind the reform package. Acknowledging frequent discussion of his name as a potential successor to PM Gyurcsany, Kiss remarked that "normal people aren't waiting in line for Gyurcsany's job ... or mine" but insisted that only economic success will ensure the party's political future.

¶5. (C) For the moment, that future remains tied to Gyurcsany. Kiss predicted that the PM "will become the MSZP president" at the party's February congress, but did note

some advantage in keeping the positions separate so that "the party won't collapse if the government does." (Comment: MSZP sources tell us that Kiss - among others - has been travelling frequently throughout Hungary on party business. They are convinced that he will remain in position should Gyurcsany stumble in his campaign for the party presidency. End Comment.)

SZDSZ IN THE COALITION NO MATTER WHO'S ON TOP

¶16. (C) With regard to the dynamic within the junior coalition partner SZDSZ, Kiss described party leader Gabor Kuncze's upcoming departure as a "tremendous blow to his party and to Hungary's political life." He believes there is "no one of his ability within the party now," and is uncertain whether either of the current favorites to succeed Kuncze, Minister of Economy Janos Koka or MP Gabor Fodor, can bring together "the liberal intelligentsia and the liberal investors." In any event, Kiss is confident the SZDSZ "won't make the mistake of leaving the coalition."

THERE'S OPPOSITION, AND THERE'S ORBAN

¶17. (C) Addressing the prospects of a thaw in relations between the government and the opposition, Kiss suggested that "FIDESZ's interests argue for communication; Orban's interests argue against it." Only the pretext of an external enemy allows Orban to retain his party leadership, Kiss maintained, and he appears intent on keeping the entire party "trapped in a castle with locked doors" in order to maintain his personal control. Kiss cited recent polls indicating a decline in FIDESZ's popularity as proof of Orban's increasing difficulty "controlling the spin" as the public tires of his campaign against the government. He reaffirmed the

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government's willingness to engage with the opposition and noted that "there are several others who have the ability to lead the party ... if they have the opportunity."

¶18. (C) Kiss responded to the Ambassador's question regarding President Solyom with a heavy sigh. "In the long run," he finally stated, Solyom's tenure may help "clarify the role of the presidency ... even if that's not his intention." Solyom's tendency to speak out on political issues (and on the opposition's behalf, in the government's view) may encourage people to "consider political attitudes and not just the lack of political activism" in the future selection of the president.

¶19. (C) Comment: A long-time MSZP insider and leading member of the party's old guard, Kiss reputedly owes his cabinet position to Gyurcsany's desire to keep his rivals close. Kiss framed his support for reform in more political than economic terms, often referring to the convergence plan as a means to the end of partisan advantage. If he is betting on the convergence plan, it is the result of calculation rather than conversion. Kiss was sharpest in his political observations. His comments re FIDESZ track closely with others' assessment of the opposition's dilemma (septel). Turning that same analytical skill on the MSZP, Kiss is likely to see few advantages to an open challenge for party leadership in the near-term. In the longer-term, however, he may find opportunity if the ongoing struggle weakens both the opposition and the PM. End Comment.

FOLEY